

DIVISION OF TOURISM, FILM AND THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into three (3) cooperative marketing agreements in calendar year 2009 under Maryland Department of Business & Economic Development (DBED) tourism procurement exemption authority. This authority exempts DBED from some of the requirements of state procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, DBED contributes no more than 50% of total project costs. This has been a great opportunity for the State of Maryland to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of each project. All cooperative marketing projects under this exemption were reviewed by the Department's Assistant Attorney General and approved by the Secretary of Business and Economic Development or his designee prior to implementation.

Capital Region USA

The Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of, and funded primarily by the Virginia Tourism Corporation, Destination DC (the Washington DC Convention and Visitors Association), and DBED's Division of Tourism, Film and the Arts. The coalition also receives significant support from the Metropolitan Washington Airports Authority. CRUSA strives to maximize visitor arrivals and economic impact to the region from selected international markets by implementing innovative marketing programs and public/private sector partnerships.

Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, and our secondary markets of France, The Netherlands, Belgium, Mexico and Brazil by combining limited marketing funds from each partner. Investments by each partner fund a fully integrated, professionally managed international marketing campaign with a budget nearing \$1.6 million representing a leverage factor of nearly 7 to 1. CRUSA generated close to \$950,000 in cash and in-kind contributions to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

The value of the dollar to the Euro and other international currency had put America as a travel destination on sale the last few years. Even with the global economic climate

softening, the election of President Obama has greatly increased interest in traveling to the U.S., and CRUSA is uniquely poised to take advantage of this trend.

Additionally, the Office of Tourism Development (OTD) has developed relationships within Maryland to increase sales from the international market. For example, at the U.S. Travel Association's 2009 International Pow Wow, OTD had five county tourism and private sector exhibitors and Baltimore had an expanded presence with a double booth, showing its commitment to the international tourism market.

The Department of Commerce conducts in-flight surveys from which international visitor volumes are calculated. The 2008 survey reported that more than 253,000 overseas visitors visited Maryland, generating more than \$228 million in direct spending. CRUSA specific measurements for FY09 include 48 tour operator promotions; participation at 19 trade shows and workshops; 19 destination training sessions for 898 tour operators; travel agents and media contacts across all markets; 10 tour operator fam tours and four consumer promotions. Public relations efforts garnered more than 500 million media impressions with an earned media value of \$11.3 million, a 47 percent increase from FY08.

Baltimore's Child, Inc.

The Maryland Office of Tourism entered into a cooperative marketing agreement with the publisher of Baltimore's Child. Previously, OTD had produced its own its guide to Field Trips throughout the state. After discovering that Baltimore's Child, a private company, was also producing a guide to Field Trips, we pursued joining forces. Baltimore's Child had been producing their guide for more than a decade. During that time, they had developed an extensive network of distribution to all of the schools in the school systems throughout the state including public, private and home-schools, resulting in a circulation of 30,000. The State had been paying \$10,000 to produce and distribute its guide to a database of 7,000. For the same price, we now reach 30,000.

The Tourism Council of Frederick County

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Tourism Council of Frederick County to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. The State's previous economic impact study's methodology was too broad to provide statistically accurate numbers at the local level. This study is vitally important for the State and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with Frederick County, the Maryland Office of Tourism, and the research provider, Global Insights.